

CORRECTED FISCAL NOTE

HB 2454 – SB 2712

February 25, 2008

SUMMARY OF BILL: Increases from two to four the annual number of temporary sales periods which a charitable entity, organized to support public or private K-12 schools, may conduct without being considered a business for tax purposes.

ESTIMATED FISCAL IMPACT:

On January 21, 2008, we issued a fiscal note for this bill indicating a decrease of state revenue of \$22,500 per year and a decrease of local government revenue of \$7,200 per year. Based on additional information received from the Department of Revenue and the Secretary of State, the fiscal impact of this bill is estimated as follows:

(CORRECTED)

Decrease State Revenue - \$113,400

Decrease Local Revenue - \$36,500

Assumptions:

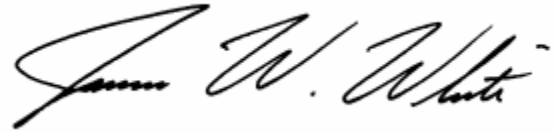
- Based on information obtained from the website of the Secretary of State (SOS) on charitable organizations, there are approximately 5,400 charitable organizations authorized to operate in Tennessee (approximately 4,000 are registered with the SOS; approximately 1,400 are exempt from registration as a result of receiving less than \$30,000 per year from public donations, grants, etc.).
- 10% of all charitable organizations are organized to support public or private K-12 schools (approximately 540).
- 100% take advantage of two additional temporary sales periods per year.
- Sales are estimated to average \$1,500 per event.
- Sales for two additional temporary sales periods are estimated to be \$1,620,000 (540 entities x 2 events x \$1,500 per event = \$1,620,000).
- The current state sales tax rate is 7.00%

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- The decrease in state revenue is estimated to be \$113,400 ($\$1,620,000 \times 7.00\% = \$113,400$) per year.
- The local option sales tax rate is estimated to average 2.25%.
- The decrease in local government revenue is estimated to be \$36,500 ($\$1,620,000 \times 2.25\% = \$36,450$) per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc